

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name W.U.P.D.R	County HOUGHTON
Audit Date 9/30/05	Opinion Date 1/15/06	Date Accountant Report Submitted to State: 3/20/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

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We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

LOCAL AUDIT & FINANCE DIV.

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

JUTILA, JORGENSON, & ASSOCIATES PC

Street Address

PO BOX 175

City

HOUGHTON

State

MI

ZIP

49931

Accountant Signature

Michael J. Jutila CPA

Date

3/14/06

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Jutila, Jorgenson, and Associates PC
P.O. Box 175
Houghton, MI 49931-0175
906-482-2358
January 15, 2006

Independent Auditor's Report

Board of Commissioners
Western Upper Peninsula Planning and
Development Regional Commission
Houghton, Michigan 49931

We have audited the accompanying general purpose financial statements of the Western Upper Peninsula Planning and Development Regional Commission as of and for the year then ended September 30, 2005. These general purpose financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note J to the financial statements, the Western Upper Peninsula Planning and Development Regional Commission did not adopt fiscal year budgets for all of its governmental funds. Accordingly a statement of revenues, expenditures and changes in fund balances – budget and actual – all governmental fund types is not included in the general purpose financial statements as required by generally accepted accounting principles.

In our opinion, except for the omission of the statement of revenues, expenditures and changes in fund balance – budget and actual – all governmental fund types, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Western Upper Peninsula Planning and Development Regional Commission as of September 30, 2005, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 15, 2006, on our consideration of the Western Upper Peninsula Planning and Development Regional Commission's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The supplemental financial information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Western Upper Peninsula Planning and Development Regional Commission. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,

Michael J. Jutila, CPA

Michael J. Jutila, CPA
Certified Public Accountant
Jutila, Jorgenson, and Associates PC

Jutila, Jorgenson, and Associates PC
Certified Public Accountant
P.O. Box 175
Houghton, Michigan 49931
January 15, 2006

**Report on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with Government
Auditing Standards**

Board of Commissioners
Western Upper Peninsula Planning and
Development Regional Commission
Houghton, Michigan 49931

We have audited the general purpose financial statements of the Western Upper Peninsula Planning and Development Regional Commission as of and for the year ended September 30, 2005, and have issued our report thereon dated January 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Western Upper Peninsula Planning and Development Regional Commission's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under "Government Auditing Standards".

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Western Upper Peninsula Planning and Development Regional Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider being material weaknesses.

This report is intended for the information of the Western Upper Peninsula Planning and Development Regional Commission, the oversight audit agency, and other federal and state audit agencies. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Michael J. Jutila, CPA
Michael J. Jutila, CPA
Certified Public Accountant
Jutila, Jorgenson, and Associates PC

GENERAL PURPOSE FINANCIAL STATEMENTS

WESTERN UPPER PLANNING AND DEVELOPMENT REGIONAL COMMISSION

Combined Balance Sheet
All Fund Types and Account Groups
September 30, 2005

	Government Fund Types	
	General	Special Revenue
ASSETS AND OTHER DEBITS		
Cash	\$ 191,122	\$ 12,490
Receivables:		
Grants receivable	-	320,966
Notes receivable - current portion	-	-
Notes receivable - non-current portion	-	-
Other recievables	10,515	-
Prepaid expenses	5,346	-
Deferred expenses	-	-
Due from general fund	-	5,346
Due from other funds	277,406	-
Equipment (net)	-	-
Building (Net)	-	-
Land	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 484,389</u>	<u>\$ 338,802</u>
LIABILITIES		
Accounts payable	\$ -	\$ 1,725
Accrued vacation	-	-
Accrued payroll and taxes	-	7,210
Due to general fund	-	131,198
Due to other funds	5,346	-
Deferred revenue	-	198,669
TOTAL LIABILITIES	<u>\$ 5,346</u>	<u>\$ 338,802</u>
FUND EQUITY AND OTHER CREDITS		
Investments in fixed assets	\$ -	\$ -
Retained earnings- unreserved	-	-
Retained earnings- reserved	-	-
Fund balance- restricted	-	-
Fund balance- unrestricted	479,043	-
TOTAL FUND EQUITY AND OTHER CREDITS	<u>\$ 479,043</u>	<u>\$ -</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 484,389</u>	<u>\$ 338,802</u>

**The accompanying notes to financial statements are an integral part of this statement.*

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
Combined Balance Sheet
All Fund Types and Account Groups
September 30, 2005

	Proprietary Fund Types		Account Group
	Enterprise	Internal Service	General Fixed Assets
ASSETS AND OTHER DEBITS			
Cash	\$ 35,104	\$ 20,763	\$ -
Receivables:			
Grants receivable	43,000	-	-
Notes receivable - current portion	-	-	-
Notes receivable - non-current portion	-	-	-
Other recievables	-	-	-
Prepaid expenses	-	2,388	-
Deferred expenses	-	-	-
Due from general fund	-	-	-
Due from other funds	-	-	-
Equipment (net)	-	14,430	21,199
Building (Net)	-	126,531	-
Land	-	13,500	-
TOTAL ASSETS AND OTHER DEBITS	\$ 78,104	\$ 177,612	\$ 21,199
LIABILITIES			
Accounts payable	\$ 733	\$ 6,678	\$ -
Accrued vacation	-	12,220	-
Accrued payroll and taxes	1,446	5,206	-
Due to general fund	-	146,208	-
Due to other funds	-	-	-
Deferred revenue	8,275	-	-
TOTAL LIABILITIES	\$ 10,454	\$ 170,312	\$ -
FUND EQUITY AND OTHER CREDITS			
Investments in fixed assets	\$ -	\$ -	\$ 21,199
Retained earnings- unreserved	67,650	-	-
Retained earnings- reserved	-	7,300	-
Fund balance- restricted	-	-	-
Fund balance- unrestricted	-	-	-
TOTAL FUND EQUITY AND OTHER CREDITS	\$ 67,650	\$ 7,300	\$ 21,199
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 78,104	\$ 177,612	\$ 21,199

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION

Combined Balance Sheet
All Fund Types and Account Groups
September 30, 2005

	Totals - (Memorandum Only) Primary Government	Component Unit	Totals - (Memorandum Only) Reporting Entity
ASSETS AND OTHER DEBITS			
Cash	\$ 259,479	\$ 104,445	\$ 363,924
Receivables:			
Grants receivable	363,966	-	363,966
Notes receivable - current portion	-	10,213	10,213
Notes receivable - non-current portion	-	28,552	28,552
Other recievables	10,515	169	10,684
Prepaid expenses	7,734	-	7,734
Deferred expenses	5,346	-	-
Due from general fund	-	-	5,346
Due from other funds	277,406	-	277,406
Equipment (net)	35,629	-	35,629
Building (Net)	126,531	-	126,531
Land	13,500	-	13,500
TOTAL ASSETS AND OTHER DEBITS	\$ 1,100,106	\$ 143,379	\$ 1,243,485
LIABILITIES			
Accounts payable	\$ 9,136	\$ 1,272	\$ 10,408
Accrued vacation	12,220	-	12,220
Accrued payroll and taxes	13,862	-	13,862
Due to general fund	277,406	-	277,406
Due to other funds	5,346	-	5,346
Deferred revenue	206,944	-	206,944
TOTAL LIABILITIES	\$ 524,914	\$ 1,272	\$ 526,186
FUND EQUITY AND OTHER CREDITS			
Investments in fixed assets	\$ 21,199	\$ -	\$ 21,199
Retained earnings- unreserved	67,650	-	67,650
Retained earnings- reserved	7,300	-	7,300
Fund balance- restricted	-	143,502	143,502
Fund balance- unrestricted	479,043	(1,395)	477,648
TOTAL FUND EQUITY AND OTHER CREDITS	\$ 575,192	\$ 142,107	\$ 717,299
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 1,100,106	\$ 143,379	\$ 1,243,485

**The accompanying notes to financial statements are an integral part of this statement.*

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 All Governmental Fund Types
 Year Ended September 30, 2005

	General	Special Revenue
REVENUES		
Federal	\$ -	\$ 146,936
State	-	134,731
Other	1,272	71,351
Contributed funds:		
Counties	43,070	-
Cities, villages, and townships, and others	27,491	-
Interest Income	2,780	-
TOTAL REVENUES	<u>\$ 74,613</u>	<u>\$ 353,018</u>
EXPENDITURES		
Salaries	\$ -	\$ 167,850
Employee benefits	-	108,310
Travel	-	8,218
Consultants	-	-
Indirect costs	-	51,526
Other	-	50,857
Professional fees	-	-
Miscellaneous	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 386,761</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>\$ 74,613</u>	<u>\$ (33,743)</u>
Other financing sources (uses):		
Transfers in	\$ 31,614	\$ 65,357
Transfers out	65,357	31,614
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (33,743)</u>	<u>\$ 33,743</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 40,870</u>	<u>\$ -</u>
Fund balance, beginning of year	<u>\$ 438,173</u>	<u>\$ -</u>
Fund balance, end of year	<u><u>\$ 479,043</u></u>	<u><u>\$ -</u></u>

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Fund Types

Year Ended September 30, 2005

	Totals (Memorandum only) Primary Government	Component Units	Totals (Memorandum Only)
REVENUES			
Federal	\$ 146,936	\$ -	\$ 146,936
State	134,731	-	134,731
Other	72,623	-	72,623
Contributed funds:			
Counties	43,070	-	43,070
Cities, villages, and townships, and others	27,491	-	27,491
Interest Income	2,780	3,686	6,463
TOTAL REVENUES	\$ 427,631	3,686	\$ 431,317
EXPENDITURES			
Salaries	\$ 167,850	\$ -	\$ 167,850
Employee benefits	108,310	-	108,310
Travel	8,218	-	8,218
Consultants	-	-	-
Indirect costs	51,526	-	51,526
Other	50,857	-	50,857
Professional fees	-	50	50
Miscellaneous	-	3,203	3,203
TOTAL EXPENDITURES	\$ 386,761	\$ 3,253	\$ 390,014
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$ 40,870	\$ 433	\$ 41,303
Other financing sources (uses):			
Transfers in	\$ 96,971	\$ -	\$ 96,971
Transfers out	96,971	-	96,971
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ -
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 40,870	\$ 433	\$ 41,303
Fund balance, beginning of year	\$ 438,173	\$ 141,674	\$ 579,847
Fund balance, end of year	<u>\$ 479,043</u>	<u>142,107</u>	<u>\$ 621,150</u>

WESTERN UPPER PENNINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
 Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - All
 Proprietary Fund Types
 Year Ended September 30, 2005

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<u>Revenues</u>			
Fees	\$ 98,553	\$ -	\$ 98,553
Allocations of indirect costs to other funds	-	70,652	70,652
Allocation of employee benefits to other funds	-	155,177	155,177
TOTAL OPERATING REVENUES	<u>\$ 98,553</u>	<u>\$ 225,829</u>	<u>\$ 324,382</u>
<u>Expenses</u>			
Salaries	\$ 59,919	\$ 12,011	\$ 71,930
Employee benefits	38,982	7,885	46,867
Travel	3,798	3,955	7,753
Indirect costs	19,126	-	19,126
Other	138	-	138
Sick leave	-	7,448	7,448
Vacation leave	-	25,630	25,630
Holidays	-	13,048	13,048
Retirement	-	15,921	15,921
Hospitalization insurance	-	69,662	69,662
Workers compensation insurance	-	1,879	1,879
Payroll taxes	-	21,589	21,589
Utilities (less rent reimbursements)	-	4,426	4,426
Supplies	-	6,508	6,508
Postage	-	2,664	2,664
Depreciation	-	8,947	8,947
Telephone	-	6,355	6,355
Dues, fees, staff conferences	-	2,661	2,661
Audit fees	-	4,900	4,900
Insurance	-	531	531
Equipment maintenance	-	8,242	8,242
Miscellaneous	-	1,567	1,567
TOTAL EXPENSES	<u>\$ 121,963</u>	<u>\$ 225,829</u>	<u>\$ 347,792</u>
Operating Income (loss)	\$ (23,410)	\$ -	\$ (23,410)
Retained Earnings, beginning of year	<u>91,060</u>	<u>7,300</u>	<u>98,360</u>
Retained Earnings, end of year	<u>\$ 67,650</u>	<u>\$ 7,300</u>	<u>\$ 74,950</u>

**WESTERN UPPER PENNINSULA PLANNING AND DEVELOPMENT
REGIONAL COMMISSION**

Combined Statement of Cash Flows
All Proprietary Fund Types
Year Ended September 30, 2005

	Enterprise	Internal Service	Totals (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (23,410)	\$ -	\$ (23,410)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	8,947	8,947
(Increase) decrease in grants receivable	35,718	-	35,718
(Increase) decrease in prepaid expenses	-	(89)	(89)
Increase (decrease) in accounts payable	733	5,630	6,363
Increase (decrease) in accrued payroll, payroll taxes and vacation pay	(74)	1,202	1,128
Increase (decrease) in deferred revenues	(42,437)	-	(42,437)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (29,470)</u>	<u>\$ 15,690</u>	<u>\$ (13,780)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Increase (decrease) due to other funds	<u>\$ -</u>	<u>\$ 6,151</u>	<u>\$ 6,151</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	<u>\$ -</u>	<u>\$ (16,521)</u>	<u>\$ (16,521)</u>
NET INCREASE (DECREASE) IN CASH	<u>\$ (29,470)</u>	<u>\$ 5,320</u>	<u>\$ (24,150)</u>
Cash, beginning of year	<u>64,574</u>	<u>15,443</u>	<u>80,017</u>
Cash, end of year	<u><u>\$ 35,104</u></u>	<u><u>\$ 20,763</u></u>	<u><u>\$ 55,867</u></u>

**The accompanying notes to financial statements are an integral part of this statement.*

NOTES TO FINANCIAL STATEMENTS

**Western Upper Peninsula Planning and Development
Regional Commission**

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Western Upper Peninsula Planning and Development Region (WUPPDR) was organized in 1968 and serves the area including the Counties of Baraga, Gogebic, Houghton, Iron, Keweenaw, and Ontonagon in the western region of the Upper Peninsula of the State of Michigan.

WUPPDR's general purpose is to carry on a continuing process of area self-analysis, planning and action to create new economic activity and improve community facilities and service. WUPPDR also serves as a principal coordinator of various activities in the counties designed to stimulate new private and public investments and provide permanent employment and growth opportunities in the area.

Reporting Entity

The Western Upper Peninsula Planning and Development Region (WUPPDR) Commission was formed under the provisions of Public Act 281 of 1945, as amended, of the State of Michigan. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Western Upper Peninsula Planning and Development Regional Commission (the primary entity) and its component unit, the Superior Revolving Loan Fund Administration Board, Inc. (SRLF). The component unit discussed below is included in WUPPDR's reporting entity because of the significance of its operational or financial relationships with WUPPDR.

Individual Component Unit Disclosures

The financial data of the component unit (SRLF) has been included in a separate column in the combined financial statements.

The SRLF is included in the Western Upper Peninsula Planning and Development Region's reporting entity because of the significance of operational and financial relationships it has with the Planning and Development Region. The members of the SRLF board are appointed by the Western Upper Peninsula Planning and Development Regional Commission and WUPPDR has been designated as co-grantee for the SRLF's Economic Development Administration Grant, making WUPPDR financially responsible for SRLF activities.

**Western Upper Peninsula Planning and Development
Regional Commission**

NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The accounts of WUPPDR are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. Grant revenues and local government appropriations are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental Fund Types

General Fund – The general fund is used for all financial resources except those that must be accounted for in a special purpose fund and to account for expenditures which are not allowable grant costs.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. For WUPPDR, all grants are accounted for in separate special revenue funds and reported on as such.

Proprietary Fund Types

Enterprise Fund

This fund is also known as the Technical Assistance Fund and has been established to account for activities that are financed and operated in a manner similar to a private business enterprise, where the intent is to recover the costs of providing services to the general public primarily through user charges.

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one fund to other funds. The Housekeeping Fund and Indirect Fund are Internal Service type funds utilized by WUPPDR.

Account Group

General Fixed Assets Account Group

This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets in the Enterprise and Internal Service Funds.

Basis of Accounting

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

**Western Upper Peninsula Planning and Development
Regional Commission**

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. WUPPDR recognizes grant revenues in each special revenue fund to the extent of actual expenditures incurred during the year. Revenues not recognized in the current year are deferred to future operating years. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred.

All proprietary funds are accounted for using the accrual basis of accounting. Under full accrual, revenues are recognized when earned, and expenses are recognized when incurred.

Budgets

Budgets for Special Revenue Grant Funds are generally determined at the time of preparing applications for grants and become a part of the internal accounting system and financial reporting system at the time of grant approval and acceptance by the Board of Commissioners.

Due From and To Other Funds

WUPPDR General (Local) Fund is utilized primarily for accounting for resources received from local units of government as matching funds for various other grants. To the extent that certain transactions between the local fund and grant funds were not made during 2004-05, balances of interfund accounts receivable (due from) and payable (due to) have been recorded and reported on the balance sheet.

Fixed Assets

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Equipment acquired for general governmental operations is recorded as expenditures in the fund making the expenditure and capitalized at cost in the General Fixed Assets Account Group.

Equipment acquired for proprietary funds is capitalized in the respective fund to which it applies.

Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

All internal service funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with an activity are included on their balance sheets.

Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds' balance sheets. Depreciation is generally reflected over the estimated useful lives of the assets using the straight-line method.

Western Upper Peninsula Planning and Development
Regional Commission
NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Total Columns on Combined Statements

The total columns on the combined financial statements are captioned Memorandum Only to indicate that amounts are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Consolidation required that interfund eliminations be made in aggregation of this data.

Employee Benefits and Indirect Costs

Employee benefits and indirect costs are initially accumulated and accounted for in the Housekeeping Fund and Indirect Fund respectively. Costs are then allocated monthly to the various grant funds. Employee benefit costs are allocated on the basis of each fund's direct chargeable salaries. Indirect costs are allocated on the basis of each fund's total direct chargeable salaries and employee benefit expenses for the month.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – CASH AND DEPOSITS

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loans associations; bonds, securities and other direct obligation of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The investment policy as required by Act 196 PA 1997 has been adopted by the Board. Western Upper Peninsula Planning and Development Regional Commission's deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board No. 3, risk disclosure for Western Upper Peninsula Planning and Development Regional Commission's cash deposits are as follows:

**Western Upper Peninsula Planning and Development
Regional Commission**

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE B – CASH AND DEPOSITS (CONTINUED)

	<u>Carrying Amounts</u>		<u>Total</u>
	<u>Primary Government</u>	<u>Component Unit</u>	
Insured (FDIC)	\$ 241,048	\$ 104,445	\$ 345,493
Uninsured and Uncollateralized	18,381	-	18,381
Total Deposits	<u>\$ 259,429</u>	<u>\$ 104,445</u>	<u>\$ 363,874</u>
	<u>Bank Balances</u>		<u>Total</u>
	<u>Primary Government</u>	<u>Component Unit</u>	
Insured (FDIC)	\$ 241,048	\$ 104,445	\$ 345,493
Uninsured and Uncollateralized	44,333	-	44,333
Total Deposits	<u>\$ 285,381</u>	<u>\$ 104,445</u>	<u>\$ 389,826</u>

WUPPDR uses a common checking account to account for most grant funds. The common account is a non-interest bearing account due to regulations of Federal and State grantor agencies which often place restrictions on the earning of income on grant funds.

Cash balances by fund in the common checking account at September 30, 2005, were as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 43,456
Housekeeping	20,173
Technical Assistance	35,104
SRLF	146
EDA 2005	9,314
North Country Renaissance Zone	3,030
TOTAL	\$ 111,763
Plus: Cash on Hand	50
Savings	64,925
Certificate of Deposit	82,741
TOTAL CASH	<u>\$ 259,479</u>

**Western Upper Peninsula Planning and Development
Regional Commission**

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE C – FUND EQUITY RESERVES

The fund reserve of \$7,300 in the Indirect Fund was established by WUPPDR management, consistent with prior year practices, to pay for the estimated cost of the annual 2004-2005 audit.

NOTE D – EXCESS GRANT EXPENDITURES

In the 2004-2005 WUPPDR expended funds in excess of those allowed on various grants as follows:

	<u>Excess Expenditures</u>
MDOT Asset Management 2003	\$ 13,731
MDOT Asset Management 2003-2004	697
EDA 2004	6,627
Houghton County Housing 2003-2004	10
Ontonagon County Housing 2003-2004	1,394
Wood Residue Market Analysis	6,160
MEDC Technical Assistance 2003-2004	798
Baraga County Housing 2003-2004	<u>2,083</u>
TOTAL	<u>\$ 31,500</u>

Local matching amounts are stated as transfers in on the statements of the Special Revenue Funds and are included in the transfers out on the General Fund Statements.

**Western Upper Peninsula Planning and Development
Regional Commission**

NOTES TO FINANCIAL STATEMENTS
September 30, 2005

NOTE E – INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables at September 30, 2005 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ -	\$ 5,346
EDA 2005	5,346	-
	<u>\$ 5,346</u>	<u>\$ 5,346</u>

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 277,406	\$ -
Indirect	-	146,208
Calumet Township Housing 2002-2004	-	5,110
MDOT 2004-2005	-	37,357
MDOT Asset Management 2004-2005	-	16,505
MDOT Asset Management Ontonagon	-	6,017
Baraga County Housing 2005-2006	-	7,395
Ontonagon County Housing 2005-2006	-	9,092
Calumet Township Housing 2005-2007	-	4,272
MEDC Technical Assistance 2005	-	6,996
Hazardous Mitigation	-	3,403
Houghton County Housing 2005-2006	-	6,387
Keweenaw County Housing 2005-2006	-	5,919
MDOT Access-Ironwood/Bessemer	-	9,007
MDOT Corridor 2004-2005	-	13,738
	<u>\$ 277,406</u>	<u>\$ 277,406</u>

The Superior Revolving Loan Fund (a component unit) owes the General Fund \$1,272.

NOTE F - CHANGES IN FIXED ASSETS

General Fixed Assets Account Group

A summary of changes in general fixed assets for the year ended September 30, 2005 is as follows:

	<u>10/1/2004</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/2005</u>
Equipment	<u>\$ 21,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,199</u>

**Western Upper Peninsula Planning and Development
Regional Commission**

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE F- CHANGES IN FIXED ASSETS (CONTINUED)

Internal Service Funds

A summary of fixed assets for the internal service funds for the year ended September 30, 2005 is as follows:

	<u>10/1/2004</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/2005</u>
Land	\$ 13,500	\$ -	\$ -	\$ 13,500
Building	121,500	13,451	-	134,951
Equipment	97,844	3,070	-	100,914
Accumulated Depreciation	<u>(85,957)</u>	<u>(8,947)</u>	<u>-</u>	<u>(94,904)</u>
	<u>\$ 146,887</u>	<u>\$ 7,574</u>	<u>\$ -</u>	<u>\$ 154,461</u>

Depreciation in the internal service funds is computed using the straight line method over the estimated useful lives of the assets. Depreciation expense for the current period was \$8,947.

NOTE G - ACCRUED VACATION/SICK PAY

Vacation pay is earned at the rate of 13 days per year for the first three years of employment, 21 days for the fourth through sixth years, and then 30 days for the seventh year onward. Vacation pay is vested up to one year's allotment of vacation time for each employee. Accrued vacation is calculated using current rates of pay and totaled \$12,220 at September 30, 2005.

Sick leave is accumulated at the rate of 1 day per month with an additional day on employment anniversary month. Sick leave is not payable to employees upon termination.

**Western Upper Peninsula Planning and Development
Regional Commission**

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

**NOTE H- SIMPLIFIED EMPLOYEE PENSION PROGRAM AND POST-
EMPLOYMENT BENEFITS OTHER THAN PENSION**

Under WUPPDR's simplified employee pension program, the Region must contribute an amount equal to 7% of each participant's gross compensation. The plan runs from January 1st to December 31st and employees become eligible in the plan after one year of service and are 100% vested after that one year period.

Contributions for the 2004-2005 year totaled \$15,921 which is approximately 7% of covered payroll of \$227,443. .

Beginning in fiscal year 1997-1998, WUPPDR's Board of Directors introduced a policy providing post-employment benefits other than a pension. When money is available in the budget, up to \$500 a year for each full-time employee is placed in savings accounts to provide for medical insurance and expenses upon employees leaving employment. Funding is provided on a pay-as-you-go basis. Presently seven employees are eligible and receiving this benefit. Total cost of this benefit amounted \$3,500 in fiscal year 2002-2003 and \$3,000 in fiscal year 2003-2004. No money was provided for this benefit in 2004-2005.

NOTE I - RESRICTED ASSETS/DEFERRED COMPENSATION PLAN

Western Upper Peninsula Planning and Development Regional Commission offers their employees a deferred compensation plan created in accordance with IRC Section 457.

Western Upper Peninsula Planning and Development Regional Commission neither acts as the trustee nor has any management involvement in the plan.

The plan does not meet the reporting criteria defined in NCGA Statement 1, paragraph 26 (3) (8), consequently its financial statements are not presented herein.

NOTE J - GOVERNMENTAL FUND TYPE BUDGETS

WUPPDR adopts budgets for all of its special revenue grant funds, at the time of the grant award, based on the fiscal period(s) of the particular grant rather than on WUPPDR's October 1 through September 30 fiscal year as required. This is not in compliance with the state budgeting and accounting act nor is it in accordance with the generally accepted accounting principles for governmental units. These require that WUPPDR adopt annual budgets for all of their governmental funds based on WUPPDR's fiscal year. Accordingly, the general purpose financial statements do not include a combined statement of revenues, expenditures and changes in fund balance, budget and actual, as required.

**Western Upper Peninsula Planning and Development
Regional Commission**

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE K – COMPONENT UNIT (SRLF)

Notes Receivable consist of loans made to local businesses. The notes are unsecured, bear an interest rate of 6% and require monthly payments through the year 2012. An analysis of the changes in notes receivable from September 30, 2004 through September 30, 2005 is as follows:

	Wood Development Corp.	Bruce Mattila Logging	Totals
Receivable balance at 9/30/04	\$ 40,653	\$ 5,128	\$ 45,781
Principal payment received during FYE 9/30/05	6,417	599	7,016
Loan receivable balance at 9/30/05	<u>\$ 34,236</u>	<u>\$ 4,529</u>	<u>\$ 38,765</u>

Restricted Net Assets

The Superior Revolving Loan Fund Administration Board, Inc.'s plan submitted to the EDA as a part of the grant application, stipulates that up to fifty percent (50%) of program income from interest earnings and application fees may be used to cover administration costs. All other program income is restricted to be used for future lending purposes only.

Revolving Loan Fund – Program Income

Pursuant to the Revolving Loan Fund Plan approved by EDA, Superior Revolving Loan Fund Administration Board, Inc. is allowed to use up to 50% of program income to cover administrative expenses. The remainder of the program income is to be used to make new loans. For the year ended September 30, 2005 the total amounts of administrative expenses were \$3,253 which exceeded the allowed totals.

Related Party Transaction

For the year ended September 30, 2005 WUPPDR charged Superior Revolving Loan Fund Administration Board, Inc. \$1,272, for various administrative services, all of which was due to WUPPDR at year end.

SUPPLEMENTAL INFORMATION

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
GENERAL FUND

Detailed Statement of Transfers to other Funds
Year Ended September 30, 2005

Wood Residue Market Analysis	\$ 6,160
EDA 2005	15,951
MDOT Access Ironwood/Bessemer	614
Hazardous Mitigation	16,027
EDA 2004	6,627
MDOT Asset Management 2003	13,731
Baraga County Housing 2003-2004	2,083
Keweenaw County Housing 2003-2004	10
Ontonagon County Housing 2003-2004	1,394
MEDC Technical Assistance 2003-2004	798
MDOT Asset Management 2003-2004	697
MDOT Corridor 2004-2005	108
MDOT Asset Management 2004-2005	<u>1,157</u>
 TOTAL TRANSFERS TO OTHER FUNDS	 <u><u>\$ 65,357</u></u>

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
SPECIAL REVENUE FUNDS
Combining Balance Sheet
September 30, 2005

	<u>SRLF</u>	<u>Houghton County Housing 2005-06</u>	<u>Keweenaw County Housing 2005-06</u>	<u>Calumet Township Housing 2005-07</u>
<u>ASSETS</u>				
Current assts:				
Cash	\$ 146	\$ -	\$ -	\$ -
Grants receivable	-	27,000	18,000	92,100
Due from general fund	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>\$ 146</u>	<u>\$ 27,000</u>	<u>\$ 18,000</u>	<u>\$ 92,100</u>
<u>LIABILITIES</u>				
Current liabilities				
Accounts payable	\$ -	\$ 475	\$ 350	\$ 250
Accrued payroll & taxes	-	262	99	661
Due to general fund	-	6,387	5,919	4,272
Deferred revenue	146	19,876	11,632	86,917
	<u>146</u>	<u>19,876</u>	<u>11,632</u>	<u>86,917</u>
TOTAL CURRENT LIABILITIES	<u>\$ 146</u>	<u>\$ 27,000</u>	<u>\$ 18,000</u>	<u>\$ 92,100</u>
<u>FUND EQUITY</u>				
Fund balance	\$ -	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 146</u>	<u>\$ 27,000</u>	<u>\$ 18,000</u>	<u>\$ 92,100</u>

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
SPECIAL REVENUE FUNDS
Combining Balance Sheet
September 30, 2005

	Ontonagon County Housing 2005-06	MDOT Corridor 2004-05	MDOT Asset Management 2004-05
<u>ASSETS</u>			
Current assts:			
Cash	\$ -	\$ -	\$ -
Grants receivable	22,500	16,059	16,505
Due from general fund	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>\$ 22,500</u>	<u>\$ 16,059</u>	<u>\$ 16,505</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	\$ 350	\$ -	\$ -
Accrued payroll & taxes	203	2,321	-
Due to general fund	9,092	13,738	16,505
Deferred revenue	12,855	-	-
	<u>12,855</u>	<u>-</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>\$ 22,500</u>	<u>\$ 16,059</u>	<u>\$ 16,505</u>
<u>FUND EQUITY</u>			
Fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 22,500</u>	<u>\$ 16,059</u>	<u>\$ 16,505</u>

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
SPECIAL REVENUE FUNDS
Combining Balance Sheet
September 30, 2005

	EDA 2004	MDOT Asset Management 2003-04
<u>ASSETS</u>		
Current assts:		
Cash	\$ -	\$ -
Grants receivable	-	-
Due from general fund	-	-
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	<u>\$ -</u>	<u>\$ -</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$ -	\$ -
Accrued payroll & taxes	-	-
Due to general fund	-	-
Deferred revenue	-	-
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
<u>FUND EQUITY</u>		
Fund balance	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**The accompanying notes to financial statements are an integral part of this statement.*

WESTERN UPPER PENINSULA AND DEVELOPMENT REGIONAL COMMISSION
SPECIAL REVENUE FUNDS
Combining Balance Sheet
September 30, 2005

	Keweenaw County Housing 2003-04	Ontonagon County Housing 2003-04	Baraga County Housing 2005-06
<u>ASSETS</u>			
Current assets:			
Cash	\$ -	\$ -	\$ -
Grants receivable	-	-	20,560
Due from general fund	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,560</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	\$ -	\$ -	\$ 300
Accrued payroll & taxes	-	-	113
Due to general fund	-	-	7,395
Deferred revenue	-	-	12,752
	<u>-</u>	<u>-</u>	<u>12,752</u>
TOTAL CURRENT LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,560</u>
<u>FUND EQUITY</u>			
Fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,560</u>

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
SPECIAL REVENUE FUNDS
Combining Balance Sheet
September 30, 2005

	<u>MDOT 2004-2005</u>	<u>Baraga County Housing 2003-04</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ -	\$ -
Grants receivable	38,000	-
Due from general fund	-	-
	<u>-</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>\$ 38,000</u>	<u>\$ -</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$ -	\$ -
Accrued payroll & taxes	521	-
Due to general fund	37,357	-
Deferred revenue	122	-
	<u>122</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>\$ 38,000</u>	<u>\$ -</u>
<u>FUND EQUITY</u>		
Fund balance	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 38,000</u>	<u>\$ -</u>

**The accompanying notes to financial statements are an integral part of this statement.*

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
SPECIAL REVENUE FUNDS
Combining Balance Sheet
September 30, 2005

	MEDC Technical Assistance 2003-04	MDOT Access-Mngt Ontonagon 2004-05
<u>ASSETS</u>		
Current assets:		
Cash	\$ -	\$ -
Grants receivable	-	15,408
Due from general fund	-	-
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	\$ -	\$ 15,408
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$ -	\$ -
Accrued payroll & taxes	-	551
Due to general fund	-	6,017
Deferred revenue	-	8,840
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	\$ -	\$ 15,408
	<hr/>	<hr/>
<u>FUND EQUITY</u>		
Fund balance	\$ -	\$ -
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND EQUITY	\$ -	\$ 15,408
	<hr/>	<hr/>

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
SPECIAL REVENUE FUNDS
Combining Balance Sheet
September 30, 2005

	North Country Renaissance Zone	Calumet Township Housing 2002-04	Houghton County Housing 2003-04
	<hr/>	<hr/>	<hr/>
<u>ASSETS</u>			
Current assts:			
Cash	\$ 3,030	\$ -	\$ -
Grants receivable	9,500	10,068	-
Due from general fund	<hr/> -	<hr/> -	<hr/> -
 TOTAL CURRENT ASSETS	 <hr/> <u>\$ 12,530</u>	 <hr/> <u>\$ 10,068</u>	 <hr/> <u>\$ -</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll & taxes	-	-	-
Due to general fund	-	5,110	-
Deferred revenue	<hr/> 12,530	<hr/> 4,958	<hr/> -
 TOTAL CURRENT LIABILITIES	 <hr/> <u>\$ 12,530</u>	 <hr/> <u>\$ 10,068</u>	 <hr/> <u>\$ -</u>
<u>FUND EQUITY</u>			
Fund balance	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -
 TOTAL LIABILITIES AND FUND EQUITY	 <hr/> <u>\$ 12,530</u>	 <hr/> <u>\$ 10,068</u>	 <hr/> <u>\$ -</u>

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
SPECIAL REVENUE FUNDS
Combining Balance Sheet
September 30, 2005

	MEDC Technical Assistance 2005	MDOT Access Ironwood/ Bessemer	MDOT Asset Management 2003
<u>ASSETS</u>			
Current assets:			
Cash	\$ -	\$ -	\$ -
Grants receivable	13,600	10,000	-
Due from general fund	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL CURRENT ASSETS	<u>\$ 13,600</u>	<u>\$ 10,000</u>	<u>\$ -</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll & taxes	550	993	-
Due to general fund	6,996	9,007	-
Deferred revenue	6,054	-	-
	<hr/>	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	<u>\$ 13,600</u>	<u>\$ 10,000</u>	<u>\$ -</u>
<u>FUND EQUITY</u>			
Fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 13,600</u>	<u>\$ 10,000</u>	<u>\$ -</u>

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
SPECIAL REVENUE FUNDS
Combining Balance Sheet
September 30, 2005

	EDA 2005	Hazardous Mitigation	Wood Residue Market Analysis	Totals
<u>ASSETS</u>				
Current assets:				
Cash	\$ 9,314	\$ -	\$ -	\$ 12,490
Grants receivable	8,263	3,403	-	320,966
Due from general fund	5,346	-	-	5,346
TOTAL CURRENT ASSETS	<u>\$ 22,923</u>	<u>\$ 3,403</u>	<u>\$ -</u>	<u>\$ 338,802</u>
<u>LIABILITIES</u>				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,725
Accrued payroll & taxes	936	-	-	7,210
Due to general fund	-	3,403	-	131,198
Deferred revenue	21,987	-	-	198,669
TOTAL CURRENT LIABILITIES	<u>\$ 22,923</u>	<u>\$ 3,403</u>	<u>\$ -</u>	<u>\$ 338,802</u>
<u>FUND EQUITY</u>				
Fund balance	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 22,923</u>	<u>\$ 3,403</u>	<u>\$ -</u>	<u>\$ 338,802</u>

WESTERN UPPER PENINSULA AND PLANNING DEVELOPMENT REGIONAL COMMISSION
SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2005

	SRLF	Houghton County Housing 2005-06	Keweenaw County Housing 2005-06	MDOT Access-Mngt Ontonagon 2004-05
REVENUES				
Federal	\$ -	\$ -	\$ -	\$ 5,728
State	1,257	-	-	1,432
Other	-	16,124	6,368	-
TOTAL REVENUES	\$ 1,257	\$ 16,124	\$ 6,368	\$ 7,160
EXPENDITURES				
Salaries	\$ 566	\$ 6,771	\$ 2,715	\$ 3,805
Employee Benefits	367	4,258	1,710	2,327
Travel	-	89	89	168
Consultants	-	-	-	-
Indirect costs	232	1,991	741	713
Other	92	3,015	1,113	147
TOTAL EXPENDITURES	\$ 1,257	\$ 16,124	\$ 6,368	\$ 7,160
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfers In	\$ -	\$ -	\$ -	\$ -
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	\$ -	\$ -	\$ -	\$ -
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
Fund balance, beginning of year	\$ -	\$ -	\$ -	\$ -
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended September 30, 2005

	Ontonagon County Housing 2005-06	Calumet Township Housing 2005-07	MDOT Corridor 2004-05	MDOT Asset Management 2004-05
REVENUES				
Federal	\$ -	\$ -	\$ 33,000	\$ -
State	-	-	8,250	34,867
Other	9,645	5,182	-	-
TOTAL REVENUES	\$ 9,645	\$ 5,182	\$ 41,250	\$ 34,867
EXPENDITURES				
Salaries	\$ 4,515	\$ 2,604	\$ 21,354	\$ 9,976
Employee Benefits	2,830	1,620	13,126	6,506
Travel	89	80	211	1,983
Consultants	-	-	-	-
Indirect costs	1,218	449	6,231	2,869
Other	993	429	436	14,690
TOTAL EXPENDITURES	\$ 9,645	\$ 5,182	\$ 41,358	\$ 36,024
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ (108)	\$ (1,157)
Other financing sources (uses):				
Transfers In	\$ -	\$ -	\$ 108	\$ 1,157
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	\$ -	\$ -	\$ 108	\$ 1,157
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
Fund balance, beginning of year	\$ -	\$ -	\$ -	\$ -
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended September 30, 2005

	EDA 2004	MDOT Asset Management 2003-04
<u>REVENUES</u>		
Federal	\$ 13,178	\$ -
State	-	-
Other	-	-
	<hr/>	<hr/>
TOTAL REVENUES	\$ 13,178	\$ -
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Salaries	\$ 9,821	\$ -
Employee Benefits	7,327	-
Travel	195	-
Consultants	-	-
Indirect costs	2,462	-
Other	-	697
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 19,805	\$ 697
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (6,627)	\$ (697)
	<hr/>	<hr/>
Other financing sources (uses):		
Transfers In	\$ 6,627	\$ 697
Transfers Out	-	-
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES	\$ 6,627	\$ 697
	<hr/>	<hr/>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES		
Fund balance, beginning of year	\$ -	\$ -
	<hr/>	<hr/>
Fund balance, end of year	\$ -	\$ -
	<hr/>	<hr/>

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2005

	Keweenaw County Housing 2003-04	Ontonagon County Housing 2003-04	Baraga County Housing 2005-06
<u>REVENUES</u>			
Federal	\$ -	\$ -	\$ -
State	-	-	-
Other	2,227	2,214	9,748
TOTAL REVENUES	\$ 2,227	\$ 2,214	\$ 9,748
<u>EXPENDITURES</u>			
Salaries	\$ 582	\$ 720	\$ 4,089
Employee Benefits	466	544	2,573
Travel	51	85	89
Consultants	-	-	-
Indirect costs	158	198	1,097
Other	980	2,061	1,900
TOTAL EXPENDITURES	\$ 2,237	\$ 3,608	\$ 9,748
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (10)	\$ (1,394)	\$ -
Other financing sources (uses):			
Transfers In	\$ 10	\$ 1,394	\$ -
Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES	\$ 10	\$ 1,394	\$ -
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES			
Fund balance, beginning of year	\$ -	\$ -	\$ -
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended September 30, 2005

	MEDC Technical Assistance 2005	MDOT Access Ironwood/ Bessemer	MDOT Asset Management 2003	MDOT 2004-05
REVENUES				
Federal	\$ -	\$ -	\$ -	\$ -
State	31,546	10,000	-	37,878
Other	-	-	-	-
TOTAL REVENUES	\$ 31,546	\$ 10,000	\$ -	\$ 37,878
EXPENDITURES				
Salaries	\$ 15,413	\$ 5,333	\$ -	\$ 18,106
Employee Benefits	9,378	3,313	-	11,902
Travel	1,108	253	-	1,664
Consultants	-	-	-	-
Indirect costs	5,397	1,015	-	6,079
Other	250	700	13,731	127
TOTAL EXPENDITURES	\$ 31,546	\$ 10,614	\$ 13,731	\$ 37,878
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ (614)	\$ (13,731)	\$ -
Other financing sources (uses):				
Transfers In	\$ -	\$ 614	\$ 13,731	\$ -
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES	\$ -	\$ 614	\$ 13,731	\$ -
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
Fund balance, beginning of year	\$ -	\$ -	\$ -	\$ -
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
SPECIAL REVENUE FUNDS

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2005

	North Country Renaissance Zone	Calumet Township Housing 2002-04	Houghton County Housing 2003-04
<u>REVENUES</u>			
Federal	\$ -	\$ -	\$ -
State	-	-	-
Other	1,486	3,423	14,057
 TOTAL REVENUES	\$ 1,486	\$ 3,423	\$ 14,057
<u>EXPENDITURES</u>			
Salaries	\$ -	\$ 1,458	\$ 6,404
Employee Benefits	-	976	4,362
Travel	-	62	8
Consultants	-	-	-
Indirect costs	-	427	2,106
Other	1,486	500	1,106
 TOTAL EXPENDITURES	\$ 1,486	\$ 3,423	\$ 13,986
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ 71
Other financing sources (uses):			
Transfers In	\$ -	\$ -	\$ -
Transfers Out	-	-	71
 TOTAL OTHER FINANCING SOURCES	\$ -	\$ -	\$ (71)
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES			
Fund balance, beginning of year	\$ -	\$ -	\$ -
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**The accompanying notes to financial statements are an integral part of this statement.*

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended September 30, 2005

	Baraga County Housing 2003-04	MEDC Technical Assistance 2003-04	EDA 2005
<u>REVENUES</u>			
Federal	\$ -	\$ -	\$ 47,250
State	-	9,506	-
Other	<u>877</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>\$ 877</u>	<u>\$ 9,501</u>	<u>\$ 47,250</u>
<u>EXPENDITURES</u>			
Salaries	\$ 1,365	\$ 5,038	\$ 31,801
Employee Benefits	1,005	3,918	19,492
Travel	67	21	1,088
Consultants	-	-	-
Indirect costs	356	1,322	10,769
Other	<u>167</u>	<u>-</u>	<u>51</u>
TOTAL EXPENDITURES	<u>\$ 2,960</u>	<u>\$ 10,299</u>	<u>\$ 63,201</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (2,083)</u>	<u>\$ (798)</u>	<u>\$ (15,951)</u>
Other financing sources (uses):			
Transfers In	\$ 2,083	\$ 798	\$ 15,951
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>\$ 2,083</u>	<u>\$ 798</u>	<u>\$ 15,951</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES			
Fund balance, beginning of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

WESTERN UPPER PENINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2005

	<u>Hazardous Mitigation</u>	<u>Wood Residue Market Analysis</u>	<u>Totals</u>
<u>REVENUES</u>			
Federal	\$ 47,780	\$ -	\$ 146,936
State	-	-	134,731
Other	-	-	71,351
TOTAL REVENUES	\$ 47,780	\$ -	\$ 353,018
<u>EXPENDITURES</u>			
Salaries	\$ 15,414	\$ -	\$ 167,850
Employee Benefits	10,310	-	108,310
Travel	818	-	8,218
Consultants	-	-	-
Indirect costs	5,696	-	51,526
Other	26	6,160	50,857
TOTAL EXPENDITURES	\$ 32,264	\$ 6,160	\$ 386,761
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 15,516	\$ (6,160)	\$ (33,743)
Other financing sources (uses):			
Transfers In	\$ 16,027	\$ 6,160	\$ 65,357
Transfers Out	(31,543)	-	31,614
TOTAL OTHER FINANCING SOURCES	\$(15,516)	\$ 6,160	\$ 33,743
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES			
Fund balance, beginning of year	\$ -	\$ -	\$ -
Fund balance, end of year	\$ -	\$ -	\$ -

**The accompanying notes to financial statements are an integral part of this statement.*

INTERNAL SERVICE FUNDS

WESTERN UPPER PENNINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
INTERNAL SERVICE FUNDS
Combining Balance Sheet
September 30, 2005

	<u>Indirect</u>	<u>Housekeeping</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash	\$ 50	\$ 20,713	\$ 20,763
Prepaid expenses	891	1,497	2,388
Equipment (net)	14,430	-	14,430
Building and improvements (net)	126,531	-	126,531
Land	<u>13,500</u>	<u>-</u>	<u>13,500</u>
 TOTAL ASSETS	 <u>\$ 155,402</u>	 <u>\$ 22,210</u>	 <u>\$ 177,612</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 1,667	\$ 5,011	\$ 6,678
Accrued vacation pay	-	12,220	12,220
Accrued payroll & taxes	227	4,979	5,206
Due to general fund	<u>146,208</u>	<u>-</u>	<u>146,208</u>
 TOTAL CURRENT LIABILITIES	 <u>\$ 148,102</u>	 <u>\$ 22,210</u>	 <u>\$ 170,312</u>
<u>FUND EQUITY</u>			
Retained earnings- reserved	<u>\$ 7,300</u>	<u>\$ -</u>	<u>\$ 7,300</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 155,402</u>	 <u>\$ 22,210</u>	 <u>\$ 177,612</u>

WESTERN UPPER PENNINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
INTERNAL SERVICE FUNDS

Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended September 30, 2005

	<u>Indirect</u>	<u>Housekeeping</u>	<u>Totals</u>
<u>REVENUES</u>			
Allocation of indirect costs to other funds	\$ 70,652	\$ -	\$ 70,652
Allocation of employees benefits to other funds	-	155,177	155,177
TOTAL OPERATING REVENUES	\$ 70,652	\$ 155,177	\$ 225,829
<u>EXPENDITURES</u>			
Sick leave	\$ -	\$ 7,448	\$ 7,448
Vacation leave	-	25,630	25,630
Holidays	-	13,048	13,048
Retirement	-	15,921	15,921
Hospitalization insurance	-	69,662	69,662
Workers compensation insurance	-	1,879	1,879
Payroll taxes	-	21,589	21,589
Chargeable salaries	12,011	-	12,011
Employee benefits allocation	7,885	-	7,885
Travel	3,955	-	3,955
Utilities (less: rent reimbursements)	4,426	-	4,426
Supplies	6,508	-	6,508
Postage	2,664	-	2,664
Depreciation	8,947	-	8,947
Telephone	6,355	-	6,355
Dues, fees, staff conferences	2,661	-	2,661
Audit fees	4,900	-	4,900
Insurance	531	-	531
Equipment maintenance	8,242	-	8,242
Miscellaneous	1,567	-	1,567
TOTAL EXPENSES	\$ 70,652	\$ 155,177	\$ 225,829
OPERATING INCOME	\$ -	\$ -	\$ -
Retained earnings, beginning of year	\$ 7,300	-	\$ 7,300
Retained earnings, end of year	<u>\$ 7,300</u>	<u>-</u>	<u>\$ 7,300</u>

**The accompanying notes to financial statements are an integral part of this statement.*

WESTERN UPPER PENNINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
Year ended September 30, 2005

	<u>Indirect</u>	<u>Housekeeping</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ -	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	8,947	-	8,947
(Increase) decrease in prepaid expenses	860	(949)	(89)
Increase (decrease) in accounts payable	619	5,011	5,630
Increase (decrease) in accrued payroll, payroll taxes and vacation pay	(56)	1,258	1,202
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 10,370</u>	<u>\$ 5,320</u>	<u>\$ 15,690</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Increase (decrease) in due to other funds	<u>\$ 6,151</u>	<u>\$ -</u>	<u>\$ 6,151</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	<u>\$ (16,521)</u>	<u>\$ -</u>	<u>\$ (16,521)</u>
NET INCREASE (DECREASE) IN CASH	\$ -	\$ 5,320	\$ 5,320
Cash, beginning of year	<u>50</u>	<u>15,393</u>	<u>15,443</u>
Cash, end of year	<u><u>\$ 50</u></u>	<u><u>\$ 20,713</u></u>	<u><u>\$ 20,763</u></u>

WESTERN UPPER PENNINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
INDIRECT FUND

Detailed Statement of Allocations
Year Ended September 30, 2005

ALLOCATIONS

Technical Assistance	
Superior Revolving Loan	\$ 19,126
MDOT Access Ironwood/Bessemer	232
EDA 2004	1,015
MEDC Technical Assistance 2003-2004	2,462
MDOT 2004-2005	1,322
EDA 2005	6,079
Hazardous Mitigation	10,769
Baraga County Housing 2005-2006	5,696
Houghton County Housing 2003-2004	1,097
Keweenaw County Housing 2003-2004	2,106
Ontonagon County Housing 2003-2004	158
Calumet Township Housing 2002-2004	198
MDOT Access-Mngt Ontonagon 2004-2005	427
Ontonagon County Housing 2005-2006	713
MEDC Technical Assistance 2005	1,218
Houghton County Housing 2005-2006	5,397
Keweenaw County Housing 2005-2006	1,991
Baraga County Housing 2003-2004	741
MDOT Corridor 2004-2005	356
MDOT Asset Management 2004-2005	6,231
Calumet Township Housing 2005-2007	2,869
	449
TOTAL ALLOCATIONS	<u>\$ 70,652</u>

WESTERN UPPER PENNINSULA PLANNING AND DEVELOPMENT REGIONAL COMMISSION
HOUSEKEEPING FUND

Detailed Statement of Allocations
Year Ended September 30, 2005

ALLOCATIONS

Indirect	\$ 7,885
Technical Assistance	38,982
Superior Revolving Loan	367
MDOT Access Ironwood/Bessemer	3,313
Hazardous Mitigation	10,310
EDA 2004	7,327
MDOT 2004-2005	11,902
MEDC Technical Assistance 2003-2004	3,918
Baraga County Housing 2005-2006	2,573
Houghton County Housing 2003-2004	4,362
Keweenaw County Housing 2003-2004	466
Ontonagon County Housing 2003-2004	544
Calumet Township Housing 2002-2004	976
EDA 2005	19,492
MDOT Access-Mngt Ontonagon 2004-2005	2,327
Ontonagon County Housing 2005-2006	2,830
MEDC Technical Assistance 2005	9,378
Houghton County Housing 2005-2006	4,258
Keweenaw County Housing 2005-2006	1,710
Baraga County Housing 2003-2004	1,005
MDOT Corridor 2004-2005	13,126
MDOT Asset Management 2004-2005	6,506
Calumet Township Housing 2005-2007	1,620
	<hr/>
TOTAL ALLOCATIONS	<u>\$ 155,177</u>

Jutila, Jorgenson, and Associates PC
P.O. Box 175
Houghton, MI 49931-0175
906-482-2358
January 15, 2006

COMMENTS AND RECOMMENDATIONS LETTER

Board of Commissioners
Western Upper Peninsula Planning
and Development Regional Commission
Houghton, Michigan 49931

In connection with our audit of the financial statements of the Western Upper Peninsula Planning and Development Regional Commission, for the year ended September 30, 2005, the following concerns regarding the accounting records, procedures, and internal accounting controls came to our attention and are presented for your consideration.

Our comments are based upon conditions noted during our audit and are not intended to be all inclusive. These comments are submitted as constructive suggestions to assist you in strengthening controls and procedures.

Governmental Fund Type Budgets (Repeat of prior years' comment)

The State budget and accounting act requires that all governmental units adopt and maintain balanced budgets for all governmental fund types based on the fiscal year of the organization. Currently WUPPDR adopts budgets for all special revenue grand funds based on the fiscal period of the particular grant rather than on WUPPDR's October 1st through September 30th fiscal year and has no budget for the local fund. We recognize that preparing a budget for each special revenue fund based on WUPPDR's fiscal year would be cumbersome and impractical, however that is what would be required to be in compliance with this act.

We would like to thank the administrative staff for the excellent cooperation we received during our audit. We appreciate the opportunity to present these comments and recommendations for your consideration and we are prepared to discuss them at your convenience.

This report is intended solely for the use of management and the governmental regulatory agencies and should not be used for any other purposes.

Respectfully submitted,

Michael J. Jutila, CPA
Michael J. Jutila, CPA
Certified Public Accountant
Jutila, Jorgenson, and Associates PC